

To: Members of the Human Services Committee

From: Brunilda Ferraj, Senior Public Policy Specialist
Connecticut Community Providers Association (CCPA)

Re: Human Services Committee Public Hearing on H.B. 6465, AN ACT CONCERNING PURCHASE OF SERVICE CONTRACTS

Date: February 10, 2015

Good afternoon Senator Moore, Representative Abercrombie, and distinguished members of the Human Services Committee:

My name is Brunilda Ferraj, Senior Public Policy Specialist at the Connecticut Community Providers Association (CCPA). CCPA represents community-based organizations that provide health and human services for children, adults, and families in multiple areas, including mental health, substance use disorders, and developmental disabilities. Our members serve more than 500,000 Connecticut residents each year.

I am here today in support of H.B. 6465, AN ACT CONCERNING PURCHASE OF SERVICE CONTRACTS, which ensures that all purchase of service (POS) contracts and Medicaid fee for services (FFS) accounts reflect the actual cost of services provided in relation to reasonable increases in the consumer price index or inflation. While investing in community-based services may seem like a major undertaking as the state faces extraordinary fiscal challenges, the truth is that in difficult and uncertain economic times, families and individuals still need community based services, perhaps more than ever. Community providers save lives, while being less costly than state-provided services, yet Connecticut has struggled to make community-based services a budgeting or policy priority.

Our state has a wide network of highly skilled and experienced professionals working in community based settings, providing services in accordance with best practices and evidence-based programs designed to meet the multiple and diverse needs of adults, children, and families. Not only are community based services effective, but they are exceptionally economical. However, without rates of reimbursement based on the actual cost of services delivered, community providers cannot maintain viable business models. As they continue to experience budget cuts, providers can no longer afford increasing costs and demand for services, which may soon lead to widespread program closures. H.B. 6465 supports the work Connecticut's community providers do for the state, and the services they provide to our residents, by allowing for rates of reimbursement based on the actual cost of these high quality services.

Supporting the sustainability of community providers is imperative for both the health of Connecticut's residents, and the health of the state's economy. Against a backdrop of chronic underfunding, the state may experience increased long-term costs as providers are pushed closer and closer to the tipping point of program closures. Individuals and families in need of critical community based services do not simply disappear if care is no longer available. Instead, they may seek exponentially more expensive services in

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emergency departments or worse, not at all. They may end up in jails, become homeless, or become a danger to themselves or others. The human, community safety, and economic costs of funding reductions are difficult to measure, but they are real, and they dwarf the cost of funding cuts.

Further, some have argued that community providers are not as critically underfunded as they claim, as they continue to stay in business. However, the reality is that they remain in business by pushing direct care staff wages closer and closer to minimum wage and offering limited or no benefits. Unable to secure adequate wages and benefits from their employers, staff often have no choice but to work multiple jobs to make ends meet. Anecdotal data from providers indicates that as many as one third of their employees receive healthcare through Connecticut's HUSKY Health (Medicaid) program, costing the state valuable resources in the long run. This is beyond the detriment caused to the consumers looking to community providers for services. As comparable state jobs, or in some cases, major employers in fields outside of community-based services, can offer the living wages that providers cannot, staff turnover is a real and costly issue. Turnover contributes to instability in a system reliant on continuous relationships between staff and clients, as well as leading providers to unsustainable losses.

In the context of this crisis, CCPA commissioned an independent, nationally distinguished organizational consultant, MTM Services, to study the real cost of care versus revenues of private providers. We are happy to share the report with you (attached) for review, as it speaks directly to the intent of H.B. 6465. As expected, findings interspersed throughout this report illustrate the chronic underfunding of community providers. Medicaid reimbursement rates do not cover the cost of care, leaving providers to operate at a loss for nearly every service delivered. Ever-increasing costs and demand for services, combined with repeated budget cuts, have put the provision of critical services at risk.

Among the behavioral health services, for example, which are reimbursed through a Medicaid FFS delivery system, rates are so low that behavioral health providers lose more than \$27 million every year in the underfunding of the most utilized services, accounting for 75 percent of total service hours. Providers in the state's Medicaid waiver/per diem-based delivery system for disability services are also experiencing losses in every service. For example, nine providers of 24-hour residential supports lose a total of \$8 thousand per day.

H.B. 6465 would give the state an opportunity to remedy this underfunding and ensure that providers are able to continue delivering the high quality services that Connecticut's residents need. This is of critical importance to individuals served, community providers, and the state as a whole. Thank you for your attention to this important issue and providing the transparency it demands. Please feel free to contact me with any questions you may have or for additional information (bferrai@ccpa-inc.org; 860-257-7909).